of office work and suggest improvements in its methods was given effect to on the 1st Meenam 1096, and Mr. M. Rajaraja Varma, Dewan Peishkar, Southern Division, was appointed to that post. As Efficiency Audit Officer, Mr. Rajaraja Varma has done valuable work calculated to materially simplify office routine, economise expenditure, and facilitate the check of office procedure. He was also made the President of a Committee of officials and non-officials appointed to suggest the revision of salaries and retrenchment of establishments. This Committee has done its work with commendable promptitude and has submitted a useful report. The proposals of the committee are confined to appointments the minimum pay of which is less than Rs. 150 per mensem, but the committee has offered some valuable suggestions in regard to retrenchment and improvement of salaries in the case of some higher appointments also. The preliminary conferences and discussions with heads of departments are over and the final orders of Government in the case of a majority of the services will be issued without delay.

24. A close examination of the strength of the several services and the work to be done by them has revealed the fact that, from the numerical standpoint, the staffs are not as excessive as they were supposed to be, and that a wholesale reduction of establishment is not possible anywhere without serious detriment to efficiency. It is also worthy of note that the expenditure on the services in this State is moderate as compared with that in other progressive countries. No finality has yet been reached, but a knowledge of the reductions already effected as well as of those now in contemplation will convince you of the fact that the subject of retrenchment is one about which Government are in right earnest. A net saving to the extent of about Rs. 30,000 per annum has been effected in the immediate past, while the retrenchments to be carried out in the immediate future are expected to give a further net saving of about Rs. 1,50,000. But, even after making every possible allowance for retrenchment, the scheme for improvement of salaries must result in a material addition to the recurring expenditure of the State.

25. Prominent among the appointments that have been newly created with a view to meet the progressive expansion of administrative activities is that of the Land Revenue and Income Tax Commissioner. The creation of this appointment, without which adequate efficiency and co-ordination in the working of the Land Revenue Department could not be secured, became imminent on the passing of the Income Tax Regulation, VIII of 1096, which rendered unavoidable the appointment of a responsible and experienced officer to supervise and control the difficult operations under that Regulation, and both the functions were combined for the sake of economy in one post which was filled by the appointment to it of the senior Dewan Peishkar.

26. Government have not yet reached a decision on the question of the constitution of a board calculated to afford equal opportunities to all communities in the matter of recruitment to the services. It is true that such a board could make selections and draw up lists of approved candidates from all communities, but the power of making appointments would still vest in the heads of departments and offices, and Governmental intervention and scrutiny would still be necessary to see that these latter are impartial in the exercise of their patronage. In the circumstances it is a question whether the creation of a board of this kind would not be merely a source of additional expenditure with no commensurate public advantage. I may observe that similar boards created elsewhere are coming in for a good deal of adverse criticism. In the meantime, Government are doing their best to secure the end in view by the issue of stringent departmental instructions and by the scrutiny of monthly returns received from departmental heads. It is, however, too soon to draw any useful conclusions from these statistics.

27. Finance.—I now come to the all-important subject of finance. While the Government are grateful for an occasional expression of feeling of the readiness of the people to contribute their share to the increasing cost of a progressive administration, they cannot at the same time be oblivious of the more incessant cry of excessive taxation. It behoves you, the representatives of the people, to see what

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justification there is for this oft-repeated complaint. Taxation, I own, is not a sweet pill for any one to swallow, and I can well appreciate the unwillingness of the average citizen to rise superior to the natural desire of being left alone in all that affects his pocket. In my address last year, I pointed out that the improvements and reforms adumbrated by the Government meant additional expenditure, and that it had become necessary to tap fresh sources of revenue. A tax on incomes has, as you are aware, been imposed with effect from the beginning of the current financial year. This measure, one of the main effects of which is the equalisation of the burden of taxation, was practically courted by the country, and has, Government are glad to note, received general approbation. The nature of this tax is, however, such that it is likely to cause undeserved hardship if worked without the greatest care and caution in its initial stages, and in the circumstances it would be a matter for congratulation if the estimate of four lakhs of rupees put down in the budget of 1097 under this head is not falsified by the results at the end of the year. From a perusal of Chapter II of the Administration Report for 1090 Placed in your hands you will learn that the transactions of that year have resulted in a deficit. This deficit could no doubt have been converted into a nominal surplus by the starvation of some of the essential departments, but that is not the policy that the Government have chalked out for themselves, nor is it one that would meet with the approval of a cultured and progressive people. The year 1096 was not a bright one from the view-point of the financier. It was characterised by a tightness of the money market and a depression in trade and business activities which reacted detrimentally on the revenues of the State, not only directly in the smaller sales of timber, but indirectly also in the institution of suits, the registration of documents and even the consumption of salt. The outlook for the current year is by no means more rosy and the expenditure of the year has already begun to show signs of outstripping its revenue. The facts and circumstances being these, I have no doubt whatever that, when you examine them with a sense of responsibility, you would be convinced of the reasonableness of the few other measures of taxation which the Government have been obliged to adopt in the past year and which consist in a small increase in the Anchal rates and in the process and copying fees, and in a nominal enhancement of the duty on tobacco. One other item of taxation, viz., the market fee has been introduced as a necessary corollary of the working of the Markets Regulation, passed so early as 1092 M. E. The rates of tolls on roads and license fees for boats have also been slightly raised with effect from the beginning of the current year. These additional imposts, in themselves light, are a mere bagatelle by the side of those levied in other countries all the world over, to tide over the present universal financial crisis which is the aftermath of the war. Take for instance the new taxes proposed to be imposed in the Madras Presidency where the earning power of the people is not superior to that in Travancore. There, an income of Rs. 70 lakhs is proposed to be earned by increased taxation on court fees and stamps alone, and of another 8 lakhs by an enhancement of registration fees, the ratio of increase in the case of stamps varying from 50 to cent. per cent. We are passing through a peculiar time when every nation has to pay a pecuniary penalty for forging ahead, and I need hardly say that, if we want the amenities of a civilised administration with all the activities and enterprises they involve, we should be prepared to shoulder even greater burdens when necessary. Government, however, derive no small consolation from the thought that the responsibility for the imposition, if need be, of fresh taxes will hereafter largely devolve on the representatives of the people under the reformed constitution.

28. Municipal Councils.—Last year I explained in detail the several ways in which the Government were endeavouring to democratise municipal administration under Regulation V of 1095. Under this Regulation the privilege of electing non-official Presidents has been conferred on 15 out of the 19 Municipal Councils in the State, the municipalities of Mavelikara and Alwaye being under nominated non-officials and those of Colachel and Trivandrum alone under officials. I may add that the hesitancy of the first three municipalities is alone responsible for the above privilege being not extended to them, and that, so far as Trivandrum is concerned, the

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